

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554**

In the Matter of)	
)	
2002 Biennial Review of the Telecommunications)	WC Docket No. 02-313
Regulations Within the Purview of the Wireline)	
Competition Bureau)	

**REPLY COMMENTS
OF THE
NATIONAL TELECOMMUNICATIONS COOPERATIVE ASSOCIATION**

The National Telecommunications Cooperative Association (NTCA)¹ hereby submits its reply comments in the above captioned matter. NTCA supports the comments of the United States Telecom Association (USTA) and agrees that the Commission should eliminate the requirement that independent incumbent local exchange carriers (ILECs) that provide interexchange service must do so through a separate affiliate.²

The Commission continues to require independent ILECs that are facilities-based providers of interstate, interexchange services to comply with the separate legal entity requirement. As a result rural ILECs incur the additional expense associated with the rule regardless of their business need to operate facilities-based long distance services through

¹ NTCA is the premier industry association representing rural telecommunications providers. Established in 1954 by eight rural telephone companies, today NTCA represents more than 555 rural rate-of-return regulated incumbent local exchange carriers (ILECs). All of its members are full service local exchange carriers, and many members also provide wireless, cable, Internet, satellite and long distance services to their communities. Each member is a "rural telephone company" as defined in the Communications Act of 1934, as amended (Act). And all of NTCA's members are dedicated to providing competitive modern telecommunications services and ensuring the economic future of their rural communities.

² USTA Comments, p. 27.

a separate subsidiary.³ The average NTCA member has just 25 employees. Rural carriers may achieve significant cost savings if permitted to use the same equipment and personnel for both local exchange and interexchange services.

There is no evidence of anti-competitive behavior by independent carriers offering interexchange service. Separate divisions for resellers have provided the needed safeguards against potential anti-competitive conduct. The requirements will be as effective for small facilities-based, long distance service carriers. Carriers operating with separate divisions must maintain separate books of account and to comply with affiliated transaction rules, providing adequate safeguards.

The Commission should recognize that “potential” conduct is not sufficient justification for costly and burdensome regulation. The separate affiliate requirement for ILECs providing interexchange service should be eliminated.

Respectfully submitted,

NATIONAL TELECOMMUNICATIONS
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³ See, NTCA Comments in CC Docket No. 00-175 (filed November 1, 2001).

CERTIFICATE OF SERVICE

I, Gail Malloy, certify that a copy of the foregoing Reply Comments of the National Telecommunications Cooperative Association in WC Docket No. 02-313, FCC 02-267 was served on this 4th day of November 2002 by first-class, U.S. Mail, postage prepaid, to the following persons.

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